

6805

I N S E N A T E

March 12, 2014

Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the banking law, in relation to authorizing financial institutions to conduct savings promotion prize giveaways

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The banking law is amended by adding a new section 9-v to
2 read as follows:

3 S 9-V. SAVINGS PROMOTION PRIZE GIVEAWAY. A BANKING ORGANIZATION
4 ORGANIZED UNDER OR SUBJECT TO THE PROVISIONS OF THIS CHAPTER, FEDERAL
5 CREDIT UNION, FEDERAL SAVINGS BANK, FEDERAL SAVINGS AND LOAN ASSOCI-
6 ATION, OR NATIONAL BANK ASSOCIATION MAY CONDUCT A SAVINGS PROMOTION IN
7 ACCORDANCE WITH THE PROVISIONS OF THIS SECTION, TO THE EXTENT IT IS NOT
8 PROHIBITED BY FEDERAL LAW OR REGULATION.

9 1. DEFINITIONS. AS USED IN THIS SECTION THE FOLLOWING TERMS SHALL HAVE
10 THE FOLLOWING MEANINGS:

11 A. THE TERM "SAVINGS PROMOTION" MEANS A CONTEST OR PROMOTION SPONSORED
12 BY A BANKING ORGANIZATION, FEDERAL CREDIT UNION, FEDERAL SAVINGS BANK,
13 FEDERAL SAVINGS AND LOAN ASSOCIATION, OR NATIONAL BANK ASSOCIATION IN
14 WHICH A CHANCE OF WINNING DESIGNATED PRIZES IS OBTAINED BY ITS DEPOS-
15 ITORS FOR THE PURPOSES OF ENCOURAGING DEPOSITORS TO BUILD AND MAINTAIN
16 SAVINGS DEPOSITS.

17 B. THE TERM "QUALIFYING ACCOUNT" MEANS A SAVINGS ACCOUNT, SHARE
18 ACCOUNT, SHARE CERTIFICATE, OR OTHER SAVINGS PRODUCT OR PROGRAM OFFERED
19 BY A BANKING ORGANIZATION, FEDERAL CREDIT UNION, FEDERAL SAVINGS BANK,
20 FEDERAL SAVINGS AND LOAN ASSOCIATION, OR NATIONAL BANK ASSOCIATION
21 THROUGH WHICH DEPOSITORS MAY OBTAIN CHANCES TO WIN PRIZES IN A SAVINGS
22 PROMOTION.

23 C. THE TERM "NON-QUALIFYING ACCOUNT" MEANS A SAVINGS ACCOUNT, SHARE
24 ACCOUNT, CERTIFICATE OF DEPOSIT, OR OTHER SAVINGS PRODUCT OR PROGRAM
25 OFFERED BY A BANKING ORGANIZATION, FEDERAL CREDIT UNION, FEDERAL SAVINGS
26 BANK, FEDERAL SAVINGS AND LOAN ASSOCIATION, OR NATIONAL BANK ASSOCIATION
27 THAT IS NOT A QUALIFYING ACCOUNT.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 2. RULES OF OPERATION. A. PARTICIPANTS IN A SAVINGS PROMOTION SHALL
2 NOT BE REQUIRED TO PROVIDE ANY CONSIDERATION IN ORDER TO OBTAIN ENTRIES
3 TO WIN. FOR PURPOSES OF THIS PARAGRAPH, PARTICIPANTS SHALL NOT BE DEEMED
4 TO HAVE PROVIDED CONSIDERATION DUE TO THE REQUIREMENT THAT THEY DEPOSIT
5 MONEY IN A QUALIFYING ACCOUNT TO OBTAIN ENTRIES TO WIN, SO LONG AS: (I)
6 THE INTEREST RATE ASSOCIATED WITH ANY SUCH QUALIFYING ACCOUNT IS NOT
7 EXPRESSLY REDUCED TO ACCOUNT FOR THE POSSIBILITY OF DEPOSITORS WINNING
8 SPECIFIED PRIZES; AND (II) NO BANKING ORGANIZATION, FEDERAL CREDIT
9 UNION, FEDERAL SAVINGS BANK, FEDERAL SAVINGS AND LOAN ASSOCIATION, OR
10 NATIONAL BANK ASSOCIATION MAY CHARGE A FEE FOR ENTRY. FEES CHARGED IN
11 CONNECTION WITH SUCH QUALIFYING ACCOUNT SHALL BE COMPARABLE WITH
12 NON-QUALIFYING ACCOUNTS, IF ANY, OFFERED BY THE BANKING ORGANIZATION,
13 FEDERAL CREDIT UNION, FEDERAL SAVINGS BANK, FEDERAL SAVINGS AND LOAN
14 ASSOCIATION, OR NATIONAL BANK ASSOCIATION.

15 B. A SAVINGS PROMOTION SHALL BE CONDUCTED SUCH THAT EACH ENTRY IN THE
16 SAVINGS PROMOTION HAS AN EQUAL CHANCE OF BEING DRAWN.

17 C. PARTICIPANTS IN A SAVINGS PROMOTION SHALL NOT BE REQUIRED TO BE
18 PRESENT AT A PRIZE DRAWING IN ORDER TO WIN.

19 D. THE OFFERING OF A SAVINGS PROMOTION SHALL BE SUBJECT TO SECTION
20 THREE HUNDRED SIXTY-NINE-E OF THE GENERAL BUSINESS LAW IN THE SAME
21 MANNER AS OTHER PROMOTIONS REGULATED THEREUNDER. FOR PURPOSES OF THE
22 GENERAL BUSINESS LAW AND THE PENAL LAW, A SAVINGS PROMOTION OFFERED IN
23 ACCORDANCE WITH THIS CHAPTER SHALL NOT BE DEEMED TO ENTAIL CONSIDERATION
24 OR THE PROMOTION OF GAMBLING OR A LOTTERY.

25 S 2. Section 96 of the banking law is amended by adding a new subdivi-
26 sion 15 to read as follows:

27 15. TO ENGAGE IN A "SAVINGS PROMOTION" IN ACCORDANCE WITH SECTION
28 NINE-V OF THIS CHAPTER AND SUBJECT TO ANY REGULATIONS PROMULGATED BY THE
29 SUPERINTENDENT.

30 S 3. Section 234 of the banking law is amended by adding a new subdi-
31 vision 26 to read as follows:

32 26. TO ENGAGE IN A "SAVINGS PROMOTION" IN ACCORDANCE WITH SECTION
33 NINE-V OF THIS CHAPTER AND SUBJECT TO ANY REGULATIONS PROMULGATED BY THE
34 SUPERINTENDENT.

35 S 4. Section 383 of the banking law is amended by adding a new subdi-
36 vision 17 to read as follows:

37 17. TO ENGAGE IN A "SAVINGS PROMOTION" IN ACCORDANCE WITH SECTION
38 NINE-V OF THIS CHAPTER AND SUBJECT TO ANY REGULATIONS PROMULGATED BY THE
39 SUPERINTENDENT.

40 S 5. Section 454 of the banking law is amended by adding a new subdi-
41 vision 37 to read as follows:

42 37. TO ENGAGE IN A "SAVINGS PROMOTION" IN ACCORDANCE WITH SECTION
43 NINE-V OF THIS CHAPTER AND SUBJECT TO ANY REGULATIONS PROMULGATED BY THE
44 SUPERINTENDENT.

45 S 6. This act shall take effect on the one hundred eightieth day after
46 it shall have become a law.